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ABSTRACT

This single person's retirement guide begins with an introduction that addresses the challenges of single living, the high dividends that planning pays, and the importance of attitude. Section II explores the changing roles and relationships in one's life, including aging parents, adult children, and a personal support network. Section III focuses on meaningful use of time. Section IV examines the basics of good health: nutrition, exercise, stress management, and good health care, and the challenges they may present to midlife persons living alone. Section V explores living arrangements that might suit a midlife person living alone today and in later retirement years. It provides guidance in assessing current and potential housing, neighborhoods, and communities in light of lifestyle preferences. It suggests low-risk procedures for investigating relocation sites. Section VI discusses financial planning and legal affairs, including estate planning. Each section contains a list of resources. (YLB)

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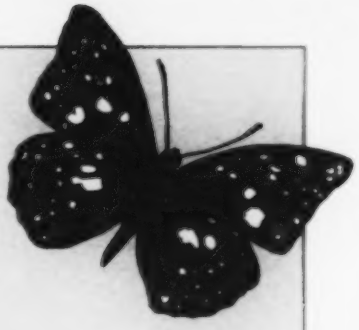
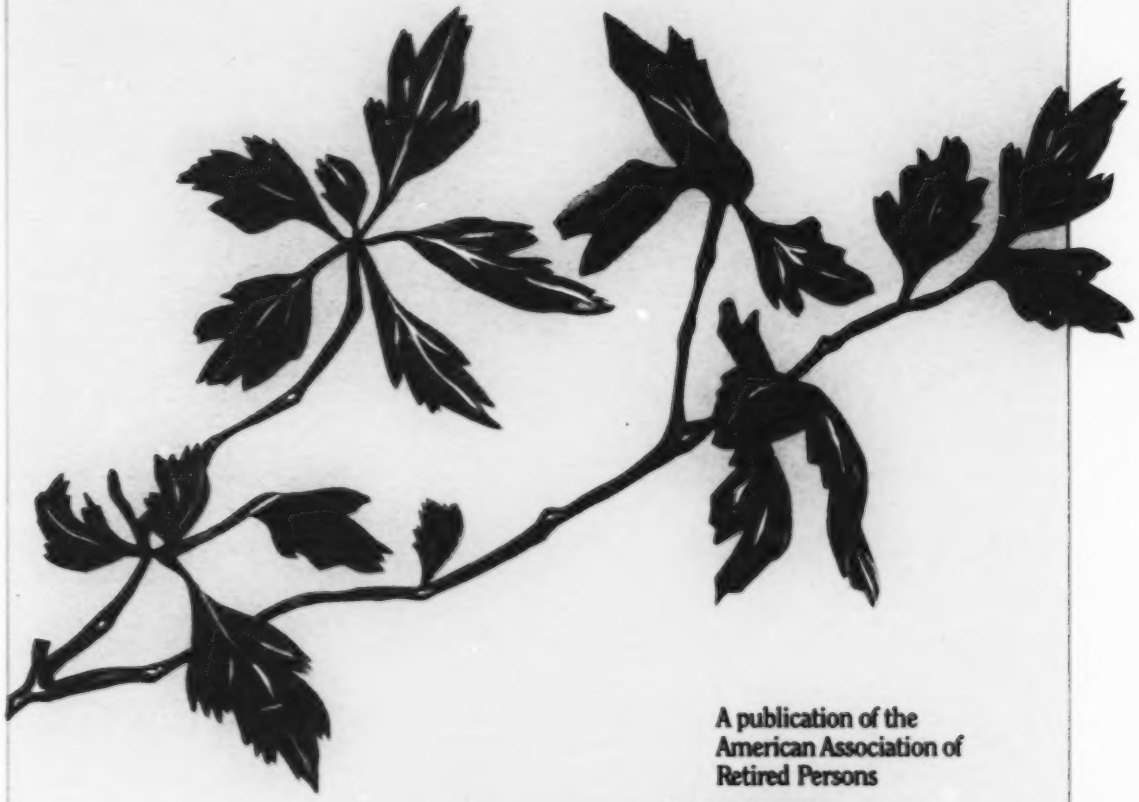
A Single Person's Guide to Retirement Planning





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AARP

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A Single Person's Guide to Retirement Planning

Contents

I. Introduction 2

The Challenges of Single Living; Planning Pays High Dividends; The Importance of Attitude; Resources

II. Changing Roles and Relationships 6

Caught in the Middle? Being Single and Social; Friendships: A Personal Support Network; Resources

III. The Time in Your Life 12

Rehearsing for Retirement; Opportunities Unlimited; Difficult Times; Time Alone

IV. Healthful Living on Your Own 16

Nutrition; Exercise; Managing Stress; A Few More Healthful Choices; Your Health Care; Resources

V. Housing That Works Works for You Now and Later 20

Housing Options — Now and Later; Housing Alternatives for Later; Evaluating Current and Potential Housing, Neighborhoods, and Communities; Resources

VI. Financial Planning and Legal Affairs 24

Getting Started; Your Savings Plan; Retirement Goals; Evaluating Potential Investments; Protecting What You've Got; Estate Planning for Singles; Other Legal Considerations; Record Keeping; Resources

VII. Reaping the Rewards 33

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I. Introduction

Whether you've always been single or are divorced or widowed, you are part of a large and steadily growing segment of the American population. Today, nearly one in four is a single-person household. With these increasing numbers has come growing awareness and acceptance of single living as a lifestyle rich with its own rewards.

True, couples and families are still perceived as the mainstay of social life in American society. But things are changing. Single persons are giving a new and broader meaning to the word "family" as close friends form informal support groups to provide one another with the psychological and practical support traditionally offered by the family.

More and more businesses are vying for the single's consumer dollar. From apartment complexes to travel agencies, they are analyzing the singles market to entice you with products and services geared to meet your needs.

Supermarkets are stocking more items packaged for singles. Home builders are constructing more housing designed for the single homeowner. Employers are offering flexible benefits packages to accommodate the needs of their employees' differing lifestyles.

For today's midlife singles, opportunities and resources abound for achieving a secure, happy, and fulfilling life — now and in retirement.

The Challenges of Single Living

As a midlife single, you are not part of a homogeneous group. Singles represent a wide range of interests, vocations, backgrounds, education, and income levels, with varied needs in the present and goals for the future. As a single person mapping out the second half of your life, you face a variety of challenges.

Says Pat G., a 44-year-old mother of two high school students, *"I thought things would begin to settle down about now in my life. I didn't expect the divorce and I didn't realize what it would mean to me in terms of time and money.*

"I've always worked part-time but never built up any retirement benefits. That wasn't my job. I was working to pay for the extras — a nice vacation, more clothes for the kids, things like that.

"I was in charge of the household budget but I didn't know anything about long-range financial planning — investments, stocks, our retirement finances. Now I'm looking into home equity as a way to help put my son and daughter through college.

"I've gone to work full-time and the benefits package was a major factor in deciding which job to take.

"I found out the hard way that I can handle whatever comes my way. I have a confidence and freedom I didn't have before. I feel good about that."

Ron S., a 51-year-old corporate attorney, has been single most of his adult life. He has no financial concerns about retirement. His situation highlights a different set of single-living and retirement-planning issues.

"I've moved half-a-dozen times to advance my career. I was married briefly, but it ended shortly after we both graduated from law school. I've had serious relationships since then, but they never ended in marriage.

More Midlife Singles

The number of single Americans aged 45 to 64, including always single, widowed, or divorced, has been rising steadily since 1900.

Source: U.S. Census Bureau, 1993.

	Always Single	Widowed	Divorced
1900	869,619	1,628,807	60,472
1930	2,144,022	2,794,787	322,725
1950	2,482,095	3,340,150	887,275
1970	2,617,081	3,481,701	1,915,300
1990	2,452,000	3,097,000	5,163,000
1993	2,889,000	2,764,000	6,304,000

"My life tends to revolve around my work. My social life is mostly involved with clients and other attorneys. I play racquetball and go hunting and fishing, usually with other lawyers I know.

"I'm giving a lot of thought to where and when to retire. I guess you could say I'm seeking roots somewhere.

"Being single, I think it would be better for me to pick a place and move there and establish myself before I retire. It'll be easier to meet people and settle in that way.

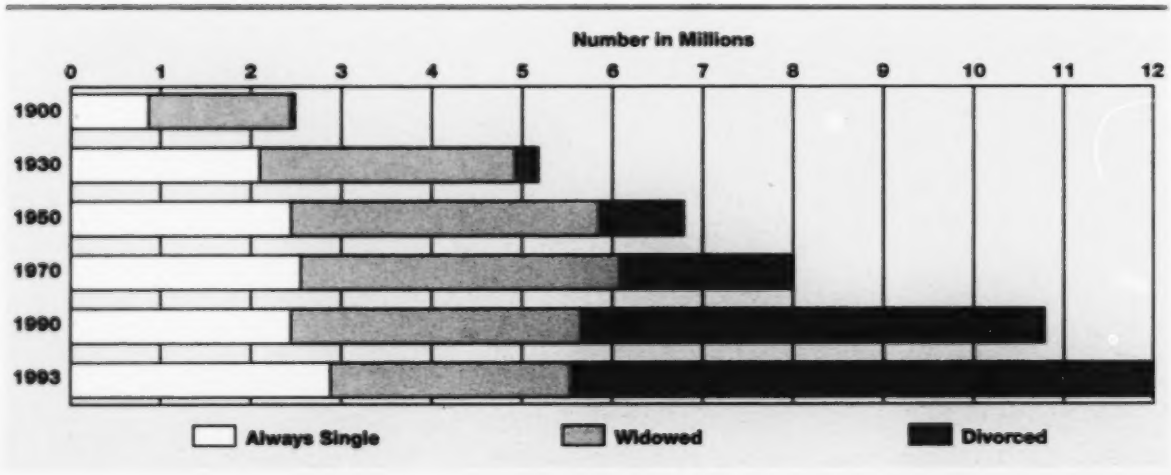
"Because I love the outdoors, I'm looking to invest in a lodge or resort, maybe in Colorado or Utah. I see it as my retirement career. I could always set up a small law practice, too."

Since women have an 85 percent chance of living alone in their later years, the issue of single living is also relevant to married couples. Couples need to consider that possibility in planning their retirement together.

John and Rita K. are doing just that. Since John is nearly 15 years older than Rita, they are giving serious thought to how Rita would manage socially and financially without him in retirement.

"For one thing we realize that it's best if I don't retire when John does, though I'd love to spend the time with him," explains Rita. *"I started working when the kids were in high school. I love my job. I'm an office manager for an accounting firm. I started out as a part-time clerk."*

Adds John, *"Our financial planner looked at the numbers, then advised Rita to keep working a while longer to build up her own pension and Social Security benefits and to set aside more money to put into long-term investments. We're doing what we reasonably can now to ensure her financial independence later on."*



Whatever your chief areas of concern are as a single or potentially single person approaching retirement, the key to a satisfying and secure retirement is planning.

Planning Pays High Dividends

Retirement planning is an ongoing process. Ideally, it is an extension of a lifetime of planning, now focusing on your needs and desires in your middle and later years.

A Word to the Wise: Women

There are nearly five divorced or widowed women for every divorced or widowed man age 45 or older. Besides a woman's longer life expectancy, the dramatic rise in midlife divorces (see graph, pages 2-3) increases the likelihood that a woman will spend her later years as a single person.

The poverty rate for Americans age 65 and older living alone — 78 percent of whom are women — is 25 percent compared with 7 percent for older couples. The median income of women of age 65 and older is $8,189.

Midlife women need to know both the benefits and the problems they may face as single persons in later life. One crucial way that women, single or married, can ensure a positive future for themselves is by developing financial skills.

If you're married, become familiar with your husband's and your own wills, insurance poli-

What do I want to do when I retire? Where do I want to live? How can I protect and enhance my health now? And how can I afford the retirement lifestyle I want in both early and later retirement?

To answer these questions you must consider, investigate, and experiment with various options in the key areas of retirement planning: roles and relationships, use of time, health and fitness, living arrangements, finances, and legal affairs.

Because of longer life expectancies, retirements are spanning 15, 20, even 30 years. Retirement specialists now talk about the phases of retirement. They recognize that a person's needs and priorities in all areas will change over the years. Thorough retirement planning will factor in these changes as much as possible.

The Importance of Attitude

In addition to those who have chosen to be single, many people are single at midlife due to divorce or the death of their spouse. This guidebook examines two life changes — the transition to single living and the transition to retirement living — and how they affect one another. Those who, in their middle years, join the ranks of single Americans must first create for themselves a happy and fulfilling single lifestyle. Doing so will lay a solid foundation for an equally satisfying and rewarding retirement.

A poor attitude toward single living will cause you to limit your vision of what is possible for you both now and later. An open, optimistic outlook, on the other hand, will energize you, keep you moving toward your goals, and, like a magnet, draw to you the people and circumstances you need for a happy and secure retirement.

Resource

How to Plan Your Successful Retirement. Discusses key areas of retirement planning, including attitude and role adjustments, health and fitness, housing choices, use of time, working options, financial and legal issues.($13.75/$10.25 AARP member price) Order from HarperCollins, P.O. Box 193935, San Francisco, CA 94119, (800) 628-4610.

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cies, investments, real estate holdings, retirement benefits, the location of vital documents, and the names of professional advisers such as your lawyer, banker, and stockbroker.

Financial management skills go far beyond managing the household budget; they involve long-term asset accumulation. Subscribe to financial magazines and take workshops on financial planning at your community college.

Every woman, single or married, should know how to manage her financial affairs and take steps to build her own financial resources for her retirement years.

One source of assistance is AARP's Women's Financial Information Program, a seven-part lecture/workshop. See the Resource list on page 5 for more information.

II. Changing Roles and Relationships

Each of us plays many roles throughout our lives — roles connected with family, friends, school, work, and our community. Some roles we assume by choice; others are thrust upon us by circumstance.

Becoming single in midlife requires adjustments in many of these roles and relationships. People who have been single a long time typically have in place a network of friends who serve as their surrogate family and help them over life's hurdles. When a marriage ends, the newly single person's relationships with friends and family may undergo significant changes. Some friendships based on being part of a couple will disappear entirely; others will reestablish themselves on another basis.

Being divorced or widowed means the loss of identity as part of a couple and the loss of specific dreams for a future together. Married people who have maintained their separate identities by having individual friends and activities make the transition to single living more easily.

Likewise, the transition to retirement requires adjustments to some current roles while affording you the opportunity to take on new roles based on your interests, resources, and health.

Single or married, persons who find their chief identity and satisfaction in their work role must step back and look at what their life means apart from their job. They, too, need to create a more balanced lifestyle to facilitate the transition to retirement. One person may decide to coach a basketball team at the local Y or tutor recent immigrants in English; another may choose to launch a part-time consulting business out of the home after retirement.

To begin the exploration of the changing roles and relationships in your life, try the exercise "Who Are You? Who Do You Want to Be?"

Caught in the Middle?

Reviewing the significant roles and relationships in your life — and how they might change — can be crucial to both your emotional and financial welfare. Many midlife persons today are "caught in the middle," sandwiched between the needs of still-dependent children and increasingly dependent parents. Not to recognize this possibility, especially for the single retiree, can disrupt your own plans for retirement as you struggle to meet the unexpected emotional, social, physical, or financial needs of a loved one.

Aging Parents. Because of increased life expectancy, having one or more aging parents in need of assistance of some kind is a growing probability for many midlife persons. If you see caring for an elderly relative as a real possibility for you, careful planning is a must. The care of a frail or sick loved one can require an enormous commitment of time and energy, as well as emotional and financial resources.

Planning begins with talking about the situation with your parent and with other family members. Try to decide with them what the best solution may be for all concerned. Determine whether your parent has adequate health and other insurance coverage.

Also examine your relationship with your parent. Long-standing communication problems are often exacerbated in a role-reversal situation. Talk to a number of caregivers to get a realistic idea about what to expect and how your life may be affected now and later.

Who Are You? Who Would You Like to Be?

You are unique. No one else has your assortment of experiences, memories, characteristics, hopes, and expectations. Get to know yourself. On a separate sheet of paper, write the numbers 1 through 20 down the left-hand side. Now write twenty answers to the question "Who am I?" in terms of the roles you play. Consider your roles connected with work, family, and friends as well as your social, civic, religious, and special interest activities (for example, supervisor, co-worker, father, husband, bowler, election judge, choir member, gardener).

Now ask yourself:
1. Which roles are most important to me (really)? Why? What satisfactions do I receive from them (love, status, fun, involvement — see the list on page 12 for more possibilities)?

Identify the kinds and level of care needed. Then decide which caregiving tasks you can perform. If you work, find out if your employer provides counseling, information about community resources, flex-time, or on-site adult day care. Seek help from family and friends, and the local network of aging services. (See "A Helping Hand" on pages 8-9 for a list of community resources that help older persons retain their independence.)

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2. Which roles changed when I became single? How?
3. Which roles will change when I retire? How?
4. Which roles will disappear entirely when I retire? How can I obtain the satisfactions I receive from those roles after I retire?
5. What new roles do I want to take on in retirement? What can I do now to begin establishing myself in those roles?
6. What current roles do I want to expand in retirement? How?
Think about who you are and who you want to be in the years ahead and begin taking steps now to reach your goals.

Adapted with permission from *How to Plan Your Successful Retirement.* ©1988. Washington, DC: AARP/San Francisco: HarperCollins.

Your Adult Children. Another growing phenomenon (due largely to the high divorce rate and equally high cost of living) is the return to the nest of adult children, often with their own youngsters in tow. Before welcoming a child (or anyone else into your home), consider these issues:

What is my current relationship with my child?
Can we discuss problems without becoming embarrassed or angry?
Who will have to give up what in this new arrangement?
Will everyone have some privacy?
Can we adjust to one another's way of life?
Will my child depend on me for financial support? a social life? transportation?
Who will be "the boss"?
Can we establish fair ground rules regarding chores? expenses? household privileges?
Can we relate to one another as friends and adults?

Being Single and Social

"Just recently I completed an art appreciation class," explained Barbara C. *"It was something I had always wanted to do. I met several people in class, including Connie, who shares my love of art. I think we're going to be good friends.*

"My advice to other middle-aged singles is to get yourself in motion. Do something, preferably something you're interested in. If you're out there, involved in life, you're bound to meet people."

For mature singles, it may take effort, planning, and courage to create a new social life after years of being part of a couple. The first step is to get in gear and

get involved. You will meet people, and every person you meet is part of a whole network of other people. As you get involved in activities that interest you, you will become more interesting and will attract people — of all ages and both sexes — to you.

A Helping Hand

As the number of elderly persons increases, more and more communities are providing services and resources to help the elderly retain their independence and to assist their families in providing the best possible care for them.

The community services listed below can help meet various social, emotional, health, and financial needs. Not all resources are available in every community. Besides availability, investigate the quality of service provided, its costs, and what, if any, of that cost is covered by government programs or the individual's private insurance coverage.

- **Home adaptation programs**
- **Home equity conversion programs**
- **Home health care programs**
- **Home repair and maintenance programs**
- **Home weatherization programs**
- **Utility bill assistance**
- **Nutrition sites**
- **Home-delivered meals**

Younger singles, too, are learning the value of meeting new people through shared interests. They are meeting at their health clubs, in open university classes, in writers' workshops, on nature hikes, and at club meetings. This approach removes pressure, lessens your vulnerability to rejection, and offers benefits beyond that of meeting people. (For more ideas about interests and activities that could also help you meet people, see "The Time in Your Life," on page 12.)

Friendships: A Personal Support Network

Being single doesn't mean facing the challenges of single living, retirement, or any other life change alone. Each of us has in place, to some degree, a personal support network of family, friends, colleagues, neighbors, acquaintances, professional advisers, and tradespeoples. Every person in our network provides us with something that contributes to our sense of identity and general well-being — from our best friends to our supervisor at work to the pharmacist who knows our medical history.

A strong link exists between the strength of our personal support network and our psychological and physical well-being. People who become single in midlife may need to restructure their network, placing greater emphasis on the roles played by friends.

This may be more crucial to the well-being of men who become single at midlife than to women. Whereas women in our society are likely to have in place a strong network of close relationships that are emotionally satisfying and supportive, men tend to have more superficial friendships revolving around shared interests and activities such as golf, hunting, or work.

Married men often confide solely in their wives and look to them to have all their emotional needs met. In addition, wives often take charge of arranging the family's social life.

Men who become single at midlife or later may have to learn to reach out to others for the emotional support they need. And as a practical necessity, they may have to learn daily living skills such as shopping and cooking. If the newly single man looks at this situation as an adventure and opportunity to broaden his horizons, learn new skills, and meet new people, his transition to single living will be easier and more successful.

Group Support. Many people, married or single, are finding the support and encouragement they need through self-help groups of various kinds. Depending on the group's focus, group members can offer one another emotional support, practical advice, information, contacts, constructive listening, services, and material resources.

Some self-help groups get together to assist one another in facing a particular problem, such as women with mastectomies or groups for separated, divorced, or widowed persons. A growing number of self-help groups are focusing on career development and personal growth.

- ☐ **Property tax relief and deferral programs**
- ☐ **Renter's assistance**
- ☐ **Subsidized senior housing**
- ☐ **Adult day care centers (provide health assessment and social services for persons in need of some supervision)**
- ☐ **Respite care facilities (provide from a few hours to several days of help to families caring for a frail or ill person in the home)**
- ☐ **Telephone reassurance**
- ☐ **Friendly visitor programs**
- ☐ **Emergency call systems**
- ☐ **Transportation services**

To find out what's available in your area, contact your local office on aging, family services agency, or your state or Area Agency on Aging.

You may see notices for such groups posted in your apartment building, religious center, library, or community center. If you can't find an appropriate group, form one. (Suggestions for organizing and running such groups are found in Barbara Scher's book: *Wishcraft: How to Get What You Really Want,* available in most bookstores and libraries.)

Identifying Your Personal Support Network. Who are the family members, friends, acquaintances, professionals, and tradespeople you would include in your personal support network? These are the people who, through their ongoing relationship with you, contribute to your general sense of belonging and well-being.

We have different friends for different occasions. There's the friend we play tennis with, the friend we call to go to a movie, the friend we go fishing with. Then there are our more intimate friends — those people we confide in, the ones who'll listen to us and gently challenge us to see ourselves or a situation differently, the ones we can call in the middle of the night with a problem.

Do you have both couples and singles as friends? Men and women friends? Older friends? Younger friends?

Of these people, whom do you consider to be in your inner circle of support, those people you believe you can count on for real help of some kind? Some may be there for you in an emotional crisis, others in a financial emergency. Include only those people you in turn are willing to help in some way.

If you are newly single, consider how your personal support network and your inner circle have changed. Now consider how retirement might alter your network. Will anyone crucial to your well-being drop

out (for example, co-workers you socialize with)? Can you replace them? If you want to relocate in retirement, are you willing to do the work necessary to rebuild your network almost from scratch?

Putting Your Network to Work for You. People in your network might be able to provide help of some kind — thoughtful listening, helpful information, contacts — as you plan for your retirement.

The assistance of your financial adviser, insurance agent, banker, and others is vital to thorough retirement planning. If you've kept in regular communication with them, they will more likely go that extra mile in helping you with your retirement planning.

If you know one or two friends or co-workers nearing retirement age, set up an informal self-help group for retirement planning. Meet regularly to discuss particular issues, make plans, and help one another follow through on those plans. It's easier to get things done via a buddy system. In addition, many employers and organizations offer retirement planning education programs.

Do you know any single retirees? If not, can friends or family suggest one or two single retirees for you to talk to? Once you find these people, ask them about their own retirement planning. What did they do? What do they wish they had done? Are they satisfied? Are they concerned about their long-term financial security and social relationships? How do they use their time? Find out what they see as the pros and cons of both single living and retirement, then determine how you can apply their insights to your unique situation.

Maintaining and Expanding Your Network. Don't take your personal support network for granted. It takes time and effort to build and maintain relationships. It's important to "monitor" your network to ensure that it doesn't dwindle down over the years to a precious few people. Make a commitment to keep these vital relationships alive and well. (More information on identifying, maintaining, and expanding your personal support network can be found in Elwood Chapman's book, *Comfort Zones*, available in most bookstores.)

Resources

AARP's Widowed Persons Service has over 200 programs nationwide. For information on a program near you, write to: Widowed Persons Service, AARP, 601 E Street, NW, Washington, DC 20049.

Women Work! The National Network for Women's Employment, 1625 K Street, N.W., Suite 300, Washington, DC 20006. Provides referrals to local programs that offer job information and career counseling to women who have lost their main source of income through divorce, separation, widowhood, or the disability or job loss of their spouse.

Children of Aging Parents (CAPS), 1609 Woodburn Road, Woodburn Medical Campus, Suite 302A, Levittown, PA 19057. Will send information about caregiving and the organization. Enclose a stamped, self-addressed business size envelope with your request.

National Self-Help Clearinghouse, 25 West 43rd Street, Room 620, New York, NY 10036. Publishes a free newsletter about self-help groups nationwide.

III. The Time In Your Life

We give time to what we value. Look at how, and with whom, you spend your time, especially your "free" time, the time when you're not working. To understand why you spend time the way you do, you need to identify the satisfactions you derive from those activities.

For each regular activity you can identify, including your work, what needs of yours are being met? Consider your need for:

- structure in daily living
- power
- creativity
- personal growth
- learning new skills
- a sense of accomplishment
- adventure
- intellectual stimulation
- involvement
- self-esteem
- control
- purpose
- friendship
- fun
- financial security
- relaxation
- physical fitness
- service to others

Retiree Ted D., former owner of a tool and die company, freely admits that the exhilaration of being in charge, making decisions, and beating the competition was the chief satisfaction he received from work.

"After I sold the business I became very involved in my church — I was president of the board — and I'm serving on a task force to bring industry into the state. But frankly these volunteer positions don't give me the kick I got from running the show. I miss it.

"Maybe some people — like me — should work 'til they drop. I'm thinking of starting another business to compete with the one I sold."

Rehearsing for Retirement

You may not be getting the charge out of work that Ted does, but your work, no matter how routine, is probably providing you with some degree of structure, purpose, companionship, and sense of belonging. Retirees advise others to begin finding new activities to satisfy these needs before they retire. Having a partial retirement structure in place will greatly ease your transition.

Many who planned to "just do nothing" found themselves quite unprepared for retirement after the euphoria wore off. You will have 98 hours a week to structure in full retirement. You can't build your days around one or two routine activities such as grocery shopping or reading the newspaper from cover to cover until your TV shows come on.

Chris M., a retired merchandising manager, talks about her experience. *"My plan was to do nothing for a while, then some fix-up projects on the house. After that I retired to the golf course. This went on almost two years. Finally, I realized something was wrong.*

"I needed a reason to get up in the morning, something to look forward to. If you have no purpose, why are you here? My advice? Find a real purpose for yourself. Don't be satisfied with just filling or killing time. Find two or three things you want to do. I'm a volunteer for SCORE [Service Corps of Retired Executives] and I'm trying my hand at organic gardening. Now the golf's more fun because it's a change of pace."

By trying out activities before you retire, you'll learn what you do and do not enjoy. You will meet people with similar interests. You will be developing a structure to aid your transition to retirement. And you will get a good idea about the costs involved in those activities to plug into your current and retirement budgets. People often don't realize that although they'll have more time to do things in retirement, many of these things will cost money.

Consider also whether any pursuits that might interest you could, if necessary, generate income in retirement. If so, now, while you're working, is the time to talk to people earning money from that activity, take workshops, and buy any expensive equipment.

Opportunities Unlimited

Opportunities for productive and enjoyable use of your retirement time are almost limitless. The main categories to choose from are hobbies, volunteering, part-time work, sports and fitness, travel, entertaining, education, and religious, civic, and social organizations.

The key is to find the right balance between several activities or interests. Do you tend toward indoor or outdoor activities? planned or spontaneous? physical or mental? What's the right mix for you of activities engaged in alone and those enjoyed with other people?

If you're thinking of relocating in retirement, be certain that the activities and interests you love — whether it's square dancing, fly fishing, or watercolor painting — can be pursued in your retirement location.

In choosing activities also consider your later retirement years, when most people slow down physically and stay closer to home. Plan to do the things that require more time, energy, and money in early retirement — for example, a camera safari to Africa or building a deck onto the house.

A local craft or hobby shop can provide information and materials for a particular activity that interests you, along with information on classes, local and national clubs, books, and magazines to get you started. Also ask your librarian for information and check the community calendar section of your newspaper for announcements by special interest groups and clubs. Check your telephone directory under headings such as Volunteer Action Center, United Way, Community Chest, or Council of Social Agencies. Your willingness, experience, and expertise can be put to good use when properly matched with the right group or individual.

Lifelong Learning — Insurance for the Future. Lifelong learning is an activity of growing importance to retirees. Not only can it stimulate the mind and provide opportunities to meet people with similar interests, but it can also contribute to your security and peace of mind in retirement.

Through a series of well-chosen courses, you can brush up on rusty skills or learn new ones. This could prove important to the financial security of many mature single women and men who may need to find paid employment in retirement. The process of learning will give you the confidence and mental discipline to master the skills you need to get and keep a job.

Group or individual instruction is being offered in just about any subject you can think of and in a wide assortment of educational settings, including high schools, colleges, open universities, trade schools, correspondence schools, libraries, museums, televised classrooms, religious and senior centers, institutes of specialized learning, and from private individuals with skills or knowledge who are looking for students.

Many mature singles are finding that Elderhostel programs are an excellent way to pursue their interests and meet people from all over the U.S. and abroad. The program offers persons age 60 and over learning experiences in the sciences and liberal arts through hundreds of educational institutions in the United States and abroad. (For a catalog of courses, write to: *Elderhostel,* 75 Federal Street, Boston, MA 02116.)

Travel and the Single Person. Travel is another way to stimulate your thinking about yourself and other people and places, and it can be a great adventure. Travel can also stimulate other interests such as reading, writing, history, and photography. Many organizations offer special interest tours to their members. The Smithsonian Associates travel program for example, sponsors many educational trips,

as do environmental groups such as the Sierra Club. You can take a guided walking tour of the English countryside, explore the archaeology of the Greek Islands, or study financial planning abroad a cruise ship in the Caribbean.

If you do not have a travel companion, investigate group and escorted tours. In addition to offering companionship, group tours alleviate many of the hurdles faced by travelers, such as concerns about

Independent Travel: Is It for You?

Perhaps you think you would prefer the challenges and pleasures of traveling alone. Traveling alone gives you an opportunity to learn more about yourself — how you think and act when you're alone in a new environment — as well as an opportunity to meet people.

Before deciding to travel solo, ask yourself these questions:

- ☐ **Can I talk to strangers easily?**
- ☐ **Can I assert myself, for instance, if I feel I'm being overcharged or given poor service?**
- ☐ **Am I in good health? Can I carry my own luggage if necessary?**
- ☐ **Can I plan my days?**
- ☐ **Do I have a good sense of direction?**
- ☐ **Can I dine alone in comfort?**
- ☐ **Am I willing to venture forth by myself at night? (For example, could I arrange for tickets to an opera and get myself there?)**
- ☐ **Can I enjoy being alone for long periods?**

hotel reservations, flight cancellations, language barriers, and safety. If low cost is a priority, look for tours with low or no single supplements or for tour companies that will pair you with a roommate.

Still, if independent travel beckons you, first ask yourself the questions in "Independent Travel: Is It for You?" on page 14 to determine how you might fare on your own. Many clubs and organizations provide hotel discounts and other travel benefits to their members. You should also investigate what discounts airlines, hotel chains, and bus and rail companies are offering to older travelers.

Difficult Times

"Since George died, I'm fine during the week — people are at work and I have my household routine. But on the weekends I fall apart. I'm at loose ends just waiting for Monday to come again," remarks Helen F., a widow of six months.

The advice of other midlife singles is to plan ahead for these times. If weekends are low days, join a nature walk club that meets then, get involved at your church, volunteer at the local Y, or get a part-time job. Working or voluntering at something you are interested in will open the door to new experiences and new people. It will get you off the sidelines and involved with life.

In other words, reach out to friends and get involved in something that interests or benefits you in some way. Don't allow the first twinges of loneliness to grow into a full-blown depression.

Time Alone

Don't underestimate the value of solitude in your life. If you've been constantly surrounded and distracted by other people, their wants, needs, and activities, time alone may hang heavy for you at first.

This time can be precious if spend in pursuits such as reading, meditation, music, writing, life assessment, or exploring nature alone. These activities, consistently practiced, can lead to expanded creativity, greater self-knowledge, inner peace, and spiritual growth.

Once you understand the difference between solitude and loneliness and come to appreciate and like yourself better, you will be better company for others, too.

Travel Resources

Consult the travel section of your newspaper for travel agencies that specialize in single and group travel.

National Senior Sports Association, 167 Old Post Road, Southport, CT 06490-1301. Conducts monthly golf, tennis, and other sporting events at well-known facilities. Single people of both sexes are welcome and planned for.

IV. Healthful Living On Your Own

We are living longer lives, and the quality of our lives depends on the combined state of our psychological, physical, spiritual, and financial health. To a large extent, how well you age is up to you. Do you value yourself enough to take the time necessary to maintain a healthful lifestyle?

If you are optimistic about the second half of life — if you think you're worth the effort — you will make healthful lifestyle choices now that will pay dividends throughout your life.

This section examines the basics of good health — nutrition, exercise, stress management, and good health care. Some of these may present challenges to midlife persons living alone.

Nutrition

The benefits of good nutrition go beyond weight control. Good eating habits will help you look and feel better, produce more energy with which to enjoy life, and offer protection against a number of serious conditions and diseases.

What You Eat. Ask yourself these questions from AARP's publication, *How Does Your Nutrition Measure Up?,* to see if you are eating a balanced diet every day:

"Do I...

- ☐ drink milk or consume two or more servings of dairy products daily?
- ☐ consume two servings of meat, fish, poultry, eggs, or other protein foods, such as dried beans or peas daily?
- ☐ eat a citrus fruit daily?
- ☐ eat a leafy green or deep-yellow vegetable at least every other day?
- ☐ eat a total of four servings of fruits and vegetables each day?
- ☐ consume at least four servings of enriched or whole-grain breads or cereals every day?"

By following these suggestions, you can be reasonably sure that you are getting enough protein, vitamins, minerals, and fiber in your diet. Nutritionists also recommend that you drink six to eight glasses of water each day.

About calcium: Women need between 1,000 and 1,500 milligrams of calcium a day to protect themselves from osteoporosis. Calcium can be obtained from green vegetables, low-fat milk, low-fat yogurt, and sardines, among other foods. You may also wish to check with your physician or nutritionist about the wisdom of taking a calcium supplement with vitamin D.

Nutrition experts also recommend that we reduce our intake of saturated fats, sodium, refined sugar, and alcohol. Saturated fats are fats that stay solid at room temperature, for example, butter, untrimmed meat, and palm oil. Many prepared and convenience foods are high in sodium, fat, and refined sugar. Alcohol, if used at all, should be taken in moderation, which is typically defined as no more than one or two servings per day.

Solace Eating. Psychologists say that a strong link exists between food and feelings. People may overeat for a variety of reasons, including stress, anxiety, and fear. Solace eating — eating when you're not hungry to assuage that emply feeling — is a common reaction to feelings of isolation and boredom.

The first step in gaining control of this situation is to be aware of what you're doing and how you're feeling when that urge comes over you to head for the

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Dining Tips for People Living Alone

Some people living alone may find themselves eating a high proportion of snack or convenience foods. In addition, many singles tend to eat a large number of meals in restaurants where the food's content and preparation cannot be controlled, and it is also easy to overeat.

Some techniques people living alone have applied to control and improve their eating habits include:

- ☐ **exchanging meals with a friend once or twice a week**
- ☐ **playing relaxing music during meals**
- ☐ **preparing the week's menu in advance to achieve a better balance and variety**
- ☐ **fixing themselves a special meal once a week or trying at least one new recipe a week**
- ☐ **taking prepared foods out of their containers and putting them on a dinner plate**
- ☐ **setting an inviting table with china, flowers, and candles**
- ☐ **not trying to do something else, such as chores or talking on the phone, while eating**
- ☐ **joining a nutrition program in the community**

kitchen to get something to eat. Some people have kept diaries for a while in order to pinpoint the causes of the distress that leads to overeating.

If you can't control it on your own, get help. Consult your doctor. Most communities have local chapters of Weight Watchers or Overeaters Anonymous. Programs may also be offered through the Y, the physical education department of the local college, private health and fitness clubs, or your health maintenance organization (HMO).

Exercise

The list of rewards from appropriate and consistent exercise is a long, impressive one. It strengthens your heart and lungs; decreases the risk of circulatory problems; increases flexibility; curbs and alters the appetite; relieves stress and anxiety; induces more restful sleep; enhances mental alertness; improves posture and general appearance; contributes to a sense of well-being; and helps protect against illness. In addition, as we age, bone mass decreases and muscles and joints shrink without regular and appropriate exercise.

The best exercises are rhythmic, continuous, and vigorous, for example, brisk walking, bicycling, swimming, dancing, using a rowing machine, or doing low-impact aerobics. To be truly beneficial, exercise must be at least 20-30 minutes long; frequent — at least three times a week, preferably on alternate days; gradual and progressive; and intense, increasing your pulse rate, making you breathe deeply and perspire. Your exercise program should include 5-10 minute warm-up and cool-down periods to help your body prepare for and recover from strenuous exercise. Light calisthenics, stretching, jogging in place and stationary bicycling are good warm-up/cool-down techniques.

If you hate the idea of exercise, think in terms of activity — keep moving. Find every opportunity to walk, bend, and stretch. Incorporate exercise into your daily routine, for example, by walking more. Get off the bus or subway one or two stops early and walk. If you work in an office, walk at lunch time; invite a co-worker to join you. Take the stairs instead of the elevator. If you can, do some bending or stretching exercises at your desk.

Check with your doctor, then look into fitness programs in your community. Clinics, senior centers, the local Y, and other community groups often offer low-cost or free programs, with specialists to help tailor a program to your needs. HMO's, with their emphasis on preventive health care, often offer programs on stress control, nutrition, exercise, how to stop smoking, dealing with foot and back problems, as well as aerobics classes. Many apartment complexes catering to singles provide fitness rooms and help tenants form walking groups.

Managing Stress

Stress is "the body's non-specific response to any demand made upon it." Stress is part of daily living. We all experience it. Some people even seem to thrive on it. Stress can result from something positive (a promotion) as well as something negative (a death). Unrelieved stress can cause lack of concentration, irritability, fatigue, loss of appetite, chronic anxiety, and depression. If untreated, it can also lead to ulcers, hypertension, heart attack, or stroke.

It is important to determine the level of stress at which you function best and to eliminate or reduce stress that goes beyond that point.

The first step in controlling stress is to recognize the situations that routinely trigger a stress reaction in you. The second step is to analyze what part you and other people play in creating the stressful situation. Then, learn either to cope with or change the situation to eliminate the stress or at least reduce it.

For example, if you're stressed out through overcommitment based upon other people's demands on you, ask yourself what part you may have played in creating their dependency. Then ask yourself what's the

worst thing that could happen if you didn't do whatever is expected. Could you live with that outcome? (See the list of stress management techniques. Which of them might you be able to put to work for you now?)

A Few More Health Choices

A healthful lifestyle now and in retirement would also include not smoking, appropriate use of prescription and other medications, and following basic safety measures such as wearing seat belts and using a ladder, not a chair, to reach high objects or change a light bulb.

Your Health Care

Have your health care team in place before you need them. Your health care team will likely consist of

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Stress Management Techniques

- ☐ **Recognize stress — admit you feel it.**
- ☐ **Identify the cause of the stress.**
- ☐ **Take action. Decide what you want, then act. Indecision is one of the worst stress producers.**
- ☐ **Accept the fact that you can't control every situation.**
- ☐ **Seek advice from someone you can talk to openly.**
- ☐ **Exercise.**
- ☐ **Rest. Fatigue makes even small problems loom large.**
- ☐ **Give your mind a chance to focus on something else for awhile. Go shopping, rent a funny movie, have your hair done.**
- ☐ **Try mind-relaxing techniques, e.g., hatha-yoga, music, meditation, deep-breathing exercises.**
- ☐ **Avoid self-medication and potentially abusive substances such as alcohol.**
- ☐ **Laugh more.**

your doctor, dentist, vision care specialist, and any other professional you need to consult regularly, such as a gynecologist, podiatrist, hearing specialist, or nutritionist.

If your health care team does consist of several different health care professionals, it is vitally important that you educate yourself about which one is the best provider for a particular service. Also, find out which services and procedures by which providers are covered by your health insurance.

You are responsible for getting health care you need. Become informed about your body and the normal aging process so that you can better determine when you should consult with your physician. Learn to listen to your body so you can recognize any changes or early warning signs of potentially serious health problems.

Become an informed and assertive health care consumer. Before consulting a member of your health care team, prepare yourself. Be ready to describe your symptoms accurately; know when you first noticed each symptom and how often and under what conditions it recurs. Bring a list of all medications you are taking. If you have any doubts about treatments or procedures, let your health care provider know. Ask about alternative treatments, side effects of drugs and procedures, and costs.

Write down all the questions you want answered and insist that they be answered fully and in a way you can understand. If you find that you can't remember a lot of what the doctor says, ask if you can record the answers to your questions. And remember, you should get a second opinion if you have any doubts.

Keep your complete medical history and a list of medications you are taking in an easily accessible place. For people living alone, it is particularly important to have this information handy. Tell a close friend or family member where it can be located in an emergency.

Consider giving someone a copy to keep for you. (A useful device for collecting this and other essential information is AARP's *Vital Papers Logbook*. See page 32 for ordering information.)

Options for health insurance coverage now and in retirement are discussed on page 28.

Resources

AARP publishes materials on a wide variety of health care, fitness, and health insurance topics. For a free publications catalog or to request a specific publication, write to: AARP Fulfillment, 601 E Street, N.W., Washington, DC 20049.

V. Housing That Works for You — Now and Later

Your housing should support your chosen lifestyle — now and in retirement. This section explores living arrangements that might suit you as a midlife person living alone today and in your later retirement years. It provides guidance in assessing current and potential housing, neighborhoods, and communities in light of your lifestyle preferences. Finally, it suggests low-risk procedures for investigating potential relocation sites.

Housing Options — Now and Later

You have available to you a wide variety of housing options to choose from. The most familiar of these include the single-family home in the general community, condominiums, cooperatives, rental apartments, and adult or retirement communities.

Today, nearly one household in four is a single-person household. Forty-one percent of women and 16 percent of men age 65 or older live alone. Since 1970, the number of older persons living alone has increased by 80 percent. This represents a growth rate nearly twice the growth rate of the older population in general.

Homebuilders are aware of these numbers; they have discovered the singles market in housing. More of the homes being built today are designed for the single person's lifestyle. Typically, these homes have less square footage, fewer but larger bedrooms, large sit-in kitchens (where many singles like to do their entertaining), smaller formal dining areas, and special features to accommodate high-tech entertainment centers.

Also becoming more available are homes designed to be shared by two nonrelated adults, featuring two master bedrooms and baths or, perhaps, built-in separate wings with an outside court or garden joining them.

Apartment Living. If you have become single recently, you might wish to investigate new living arrangements that are more appropriate to your changed circumstances.

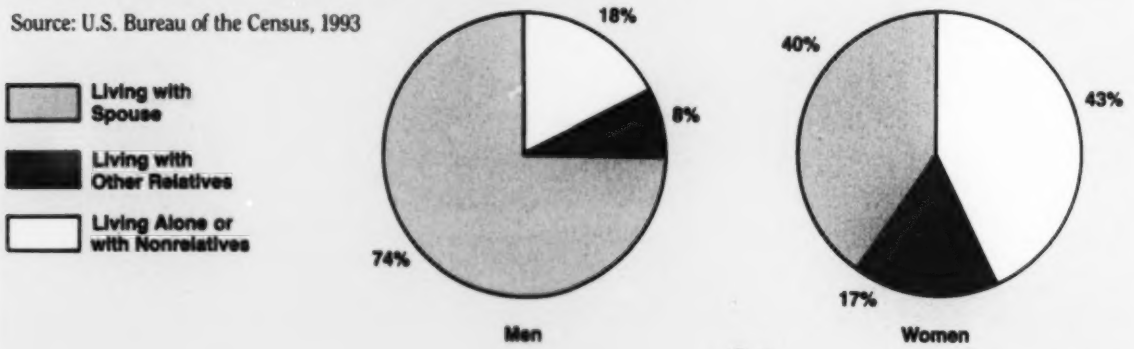
The very things about apartment living that you shunned when married could be major advantages to you now. For example, apartments are usually smaller and easier to keep clean. The landlord is responsible for repairs and maintenance. It could prove less expensive for you to live in an apartment than to pay the mortgage and upkeep on your house. One option may be to sell or rent your house and move to an apartment. The profits from the sale or rental could be invested for your long-term financial security.

Millie K. points out another advantage of apartment living: *"Safety is important to me,"* she says. *"I just didn't feel comfortable in that house alone. I have much more peace of mind and get out a lot more since I moved into an apartment."*

In moving from the family home to smaller living quarters of any kind, consider what in the way of material possessions you will have to give up. Typically, such a move might entail relinquishing the dining room and porch furniture and having to give away or store much of the accumulated family memorabilia.

Living Arrangements of Persons 65+, 1992

Source: U.S. Bureau of the Census, 1993



Home Sharing. After considering the options — apartments, condos, cooperatives — many newly-single people decide that they want to stay in their home. Yet, it could be more home than they need. An even greater drawback to staying put may be the cost of meeting the mortgage payment and maintaining the house. If this describes your situation, perhaps you should consider home sharing.

Holly M., a divorced mother of three children, ages 8, 11, and 13, is trying to hold onto her large, expensive house, at least until the kids are grown. Two years ago, she invited her divorced brother, Tom, a retired foreign service officer, to live with her.

"We weren't that close growing up because Tom's nearly seven years older than I am," explains Holly. *"I'm glad for the chance to get to know him better now. And we want our children to get to know their cousins. Tom has a son and daughter in college. They visit during the summer and spend some holidays with us."*

"With my retirement, then the divorce, and with the kids in college, I was at loose ends. So I came home for a visit. And I've been here ever since," says Tom. *"I appreciate having a family and a nice place for my children to stay when they visit me. We didn't get back here much when I was in the service so I'm enjoying showing them where I grew up. It kind of fills in some missing pieces for them."*

"Tom helps out a lot. He does the heavy work I relied on my husband for. Frankly, I'm glad I don't have to pay someone to do these things. I feel safer with him in the house. And he's good with the kids. This arrangement is working out very well for all of us," concludes Holly.

Home sharing could mean renting out a room or having someone share all common areas with you. Rent could involve some combination of money and exchange of services such as shopping, home upkeep, child care, or yard work.

Also consider carving an apartment, with separate entrance, kitchen, bath, and utilities, out of your large home. This arrangement will enable you to

maintain your privacy. Always check carefully on your local zoning ordinances. You and an accountant will have to balance the cost of constructing an apartment, taxes on income, etc., against the profits you are likely to see.

Even with a relative as a housemate, it might be best to draw up a formal home-sharing or rental agreement listing the ground rules for sharing common areas, parking, pets, guests, smoking, drinking, payment of rent, and notice to vacate.

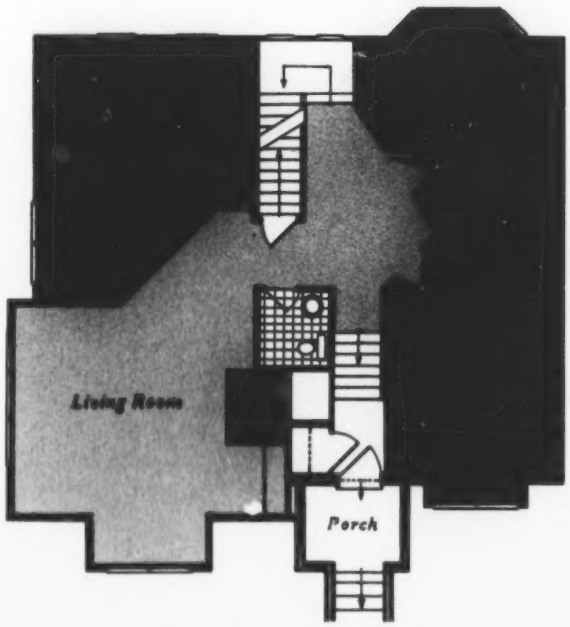
Housing Alternatives for Later

Especially in later retirement, one of the following housing options may best meet the social, physical, and financial requirements of some elderly single retirees:

- adapting current housing to fit your physical needs as you grow older;
- an accessory apartment in the home of a family member or friend;
- a board-and-care home or hotel, which rents to adults of all ages;
- a congregate care facility, with living units specially designed for older persons;
- an Elder Cottage Housing Opportunity (ECHO) home — a small, free-standing unit, about the size of a double garage, placed on the property of a family member's home and connected to the home's utilities;
- a life care, or continuing care, retirement community, which offers a full range of services from independent living in apartments or cottages to nursing home care.

Many modifications can be made to your current house or the house of an older relative to enable that person to maintain his or her freedom of movement and independence. Adaptations to compensate for vision or hearing loss, hand limitations, range of reach, frailty, and mobility impairments are described in AARP's booklet *The DoAble, Renewable Home* (see Resource List).

Thoroughly research the social, financial, and legal aspects of any living arrangement that interests you. Particularly if you are considering a condominium,



cooperative, retirement community, life-care facility, or nursing home, ask a lot of questions, such as: What premises will I occupy? What services and maintenance am I entitled to? Are costs subject to an increase? How much? How often? Who pays for the recreational facilities? common areas? What are the rights and restrictions regarding visitors, parking, pets, children, alcoholic beverages, and selling the property? What are the refund arrangements? Is there a trial period?

Interview the facility's management especially about the facility's ownership and financial stability. Talk to several residents, married and single. Have your accountant and attorney review the financial and legal arrangement before signing anything. Some of the community resources listed in "A Helping Hand" on pages 8-9 may help you retain your independent living in your own later retirement years.

Evaluating Current and Potential Housing, Neighborhoods, and Communities

Once you know how you want to live, you can evaluate current and potential housing, neighborhoods, and communities based on those lifestyle choices.

In assessing current and potential housing, ask yourself these questions: Will I be able to manage the upkeep? Is the house energy efficient? safe? Does it have a convenient physical layout with a bedroom and bath on the ground floor? Will I be able to afford the taxes, insurance, and utilities?

In assessing current and potential neighborhoods and communities, consider:

- adult education opportunities
- social and recreational facilities
- employment opportunities
- public transportation
- clubs, civic and social organizations
- religious centers
- shopping
- quality health care providers and facilties.

Also examine the year-round climate, especially any extremes of heat and cold, heavy snowfall, and the like. What is the crime rate for the area? Is it increasing, decreasing, or staying about the same? Check out pollution and noise levels. Is the neighborhood sociable or does it give you a feel of isolation? Is it changing in any discernible way, for good or bad?

Too many people pick up roots and replant them in poor soil, with unhappy results. Before relocating, visit the area often, at all times of year, subscribe to the local newspaper, and make friends with one or two people when you visit. Keep in touch with them and they will help you look out for your interests before and after you move.

Research the cost of living in the area and find out if it has been increasing and by how much over the last few years. Get estimates not only for real estate, taxes, and utilities, but also food, services (such as dry cleaning), and entertainment.

It may be prudent to rent your current home and move into rental housing in the new area for a year or so. If you change your mind, it will be a less costly mistake to undo than if you sell your current home and immediately buy in the new area.

Remember, health care facilities, a sociable and safe neighborhood, shopping within walking distance, and television and radio reception will become more important as you move into a less active phase of retirement and stay closer to home.

Resources

AARP offers many free publications on evaluating housing options. For a free publication catalog write to: AARP Fulfillment, 601 E Street, N.W., Washington, DC 20049.

For a free copy of *The DoAble, Renewable Home* (D12470), write to: AARP Fulfillment, 601 E Street, N.W., Washington, DC 20049.

VI. Financial Planning and Legal Affairs

Financial concerns are the same for all older people. They must have a realistic budget, a sound investment program, and sufficient insurance coverage. They must concern themselves with estate planning and have in place a trusted team of financial and legal advisers.

Yet, a single person's strategies for dealing with these areas may differ markedly from those of a couple planning for retirement. As a single, you are probably your sole support. You pay higher taxes and spend a greater proportion of your income on living arrangements than a married couple.

Getting Started

The first step in financial planning is to find out where you are now. This is done by developing a net worth statement and a current budget and by examining your spending patterns for ways to reallocate funds into savings and investments.

Net Worth Statement. Your net worth statement lists all of your assets and liabilities — what you own and what you owe. The difference between what you own and what you owe is your *net worth.* Reviewing your net worth statement at least once a year provides you with an excellent way to check on your progress toward your financial goals. It can serve as a red flag to identify nonproductive assets and investments. Net worth forms are available in banks and in workbooks found in the financial section of most bookstores.

Current Budget. Your budget provides a monthly picture of income and expenses. In it you itemize fixed costs such as mortgage or rent payments and estimate variable expenses for items such as food, clothing, gifts, utilities, and entertainment. Estimates for one-time, annual, or semi-annual expenses such as taxes, insurance premiums, or a major purchase can be divided by twelve to get a monthly figure for that category of expenditure. Your current income sources might include wages, interest, dividends, rent, alimony, child support, and bonuses.

Spending Patterns. It is important to exercise discipline in making out and sticking to a budget. Some experts believe that people "fritter away" 10 to 15 percent of their income. If you are not sure where your money is going, keep a daily record of every expenditure for one or two months. You'll be able to identify "leakage" and redirect that money into savings.

Your Savings Plan

Pay yourself first, say the financial planners. Always budget in an amount for savings. If possible, have your employer collect those dollars before you receive your paycheck. Your savings can then be used to launch your investment program, which in turn can help bridge any gap that might exist between retirement income and expenses.

Debt and Credit. Before you can start putting away money into savings, however, you may have to extricate yourself from excessive debt. With credit card rates hovering around 18 percent, paying off your credit cards amounts to earning about 18 percent interest, risk free. While getting out of excessive debt may take a long time, it is crucial to your long-term financial security.

Once you have a handle on debt and credit, the next step is to set up an emergency fund. Experts advise that your fund be large enough to cover three to six months of expenses in case of job loss, illness, major repair, or other emergency. The money in this fund should be kept in an accessible interest-bearing account such as money market account or short-term certificate of deposit whose rate of return at least keeps up with inflation.

Retirement Goals

After reading the first part of this guidebook you probably have some tentative retirement goals in mind. You may have some ideas about how you want to use your retirement time and freedom and where you want to live, in early and later retirement. Now the question becomes how to pay for that lifestyle.

As with your current budget, establish a tentative retirement budget for different points in your retirement, say the first year, the fifth year, and in late retirement. A rough rule of thumb is to take 75 to 80 percent of your current living costs to estimate your retirement expenses. But that may not be an accurate figure for you. It is safer to have more specific estimates.

Consider each of these expense categories for each period in retirement, factoring in a reasonable rate for inflation: housing, medical and dental expenses, insurance, transportation, food, clothing, personal items, travel, entertainment, hobbies, gifts and contributions, dependent care, and if you choose, an inheritance for your children or other loved ones. Remember that you'll have more time in retirement to spend more money on hobbies, entertaining, travel, and continuing education.

Identify any major one-time expenditures such as a new car, a new roof for the house, or a dream trip to the Orient. Get estimates, determine when it would be best to incur the expense, factor in an amount for inflation, and plug those figures into your tentative retirement budget.

On the income side, identify the sources of income you can count on in retirement and, to the extent possible, estimate your monthly benefit from each source. Determine how long you can expect to receive income from each source and whether the amount you receive will remain fixed (like most private pensions), increase with the cost of living (like Social Security), or fluctuate (like stock dividends).

Let's look at each of the major retirement income sources and, where appropriate, focus on elements that are especially relevant to singles.

Employer Pension and Profit-Sharing Plans. Your financial security in retirement depends on thoroughly understanding your employer's pension plan. Does your employer offer a pension plan? Are you eligible to participate in it? If so, at what point do you become *vested*, that is, entitled to receive benefits upon retirement? If you take early retirement, how much in benefits will you lose? Is your pension plan integrated with Social Security, that is, does your employer subtract an average Social Security benefit amount from the amount of your pension, giving you the difference? Does the plan include a cost of living adjustment? Can you choose to withdraw your pension money in one lump-sum payment or as a monthly annuity? What are the tax and other advantages for each option?

Your employer is required by law to provide you with a summary plan description. After reading it carefully, talk to your benefits administrator about how the plan applies to you and get answers to any questions you have. Ask for an estimate of your monthly pension check for both early and regular (at age 65) retirement.

Do-It-Yourself Pensions. Three popular do-it-yourself pension plans are a 401(k) plan, an individual retirement account (IRA), and a Keogh plan. 401(k) plans are available through employers. In many cases, an employer will also contribute some amount to the plan for every dollar you invest in it. In a 401(k) you can put away as much as $9,240 a year versus $2,000 for an IRA. Further, IRA contributions are no longer deductible if you are eligible for your

employer's pension plan and your salary exceeds prescribed limits. If you receive income from part-time or full-time self-employment, you are eligible to set up a Keogh plan. Thoroughly research a plan's regulations and restrictions to determine which plan or combination of plans is best for you.

Do-it-yourself pensions can help you in three ways. Under certain conditions, the money put into the plan may not be taxed until you retire; interest or dividends earned by the plan accumulate tax-free until retirement; and you normally will be in a lower tax bracket when you start drawing on the money in the plan. Regulations regarding these and other do-it-yourself pension plans are subject to change; get up-to-date information before making any decision.

Social Security. If you are a qualified worker, you can begin receiving social security benefits at age 62. However, if you elect to receive Social Security benefits before age 65, your benefit will be reduced, and any subsequent cost-of-living increases will be based on the reduced benefits.

If you continue to work past age 65 and choose to postpone receiving benefits, you will earn additional Social Security Credits.

If you continue to work after beginning to receive Social Security benefits, you will lose some or all of your benefits if your income from work exceeds a set annual amount. There is no earnings limit for people age 70 and older.

You may have to pay federal income taxes on a portion of your Social Security benefits if your income from various sources exceeds a certain amount.

Beginning in the year 2000, the age at which you can retire with full Social Security benefits will be raised in gradual increments to age 67. This will effect workers born in 1938 and beyond. You will still be able to receive early retirement benefits at age 62, but the reduction in benefits will be greater.

Check your Social Security earnings records against your W-2 forms every three years. Errors more than three years old usually cannot be corrected. Call 1-800-937-2000 for a personalized Social Security report form, or request a Statement of Earnings report form from your local Social Security office.

Because of a change in the law in 1983, divorced persons who were married for at least ten years can more easily receive benefits based on a former spouse's work record regardless of whether or not the worker has retired and begun to receive benefits. Widowed persons can collect Social Security benefits based on a deceased spouse's work record beginning at age 60.

Each situation is subject to specific regulations and requirements. Check with your Social Security office about benefits you think may be due you on your own work record or that of a former or deceased spouse.

Investing. Let's compare two individuals — one married and one single — both earning the same amount. The single person might be tempted to think, *"My future needs are more modest and more easily attainable than those of my married friend, so I can afford to take more investment risks."* True, but potentially dangerous.

Whatever your financial goals and tolerance for risk, the reality is that saving money is not enough. Money must be invested to protect its current purchasing power and to earn more money to meet

Evaluating Potential Investments

Every investment option should be analyzed for these six characteristics:

- ☐ ***Yield.*** **What yield, or return, can you reasonably expect on your investment after commissions, service charges, other fees, and taxes are substracted?**
- ☐ ***Safety.*** **How safe is your principal?**
- ☐ ***Liquidity.*** **How quickly can you cash in your investment? Is there a penalty? fees?**
- ☐ ***Guarantees and Insurance.*** **Are your yield and principal guaranteed? By whom or what?**
- ☐ ***Term.*** **Is the term of the investment in line with your future needs? Or will you be tying up money that you'll need?**
- ☐ ***Inflation hedge.*** **To what extent will the value of your investment keep up with inflation?**

your needs down the road. Fortunately, thanks to compounding interest, even a small amount invested regularly will grow to an impressive sum over time.

You can put your money to work two ways: lending and buying (debt and equity). When you lend money, you receive a legal promise of repayment at some future time plus a promise that you will be paid a fee, known as interest, for the use of your money. This form of putting your money to work is the debt, or money, market. Some major options to consider in the debt market are U.S. Treasury and Agency securities; corporate bonds; municipal securities; savings plans such as certificates of deposit, money market deposit accounts, passbook savings accounts, and interest-paying checking accounts; money market mutual funds; and annuities, which are contracts sold by insurance companies or other financial institutions that guarantee the buyer a fixed income for life or for a certain number of years.

The second way to put your money to work is the equity market. Here you buy something that you hope you can later sell for more than you paid for it. In addition to a hoped-for profit on a future sale, the thing owned may generate income, e.g., dividends from stocks and rental income from real estate. Some major options in the equity market are individual shares of stock; mutual funds that invest in a variety of stocks according to the fund's objective, which could range from highly conservative income funds to highly speculative growth funds; real estate; and commodities such as orange juice, corn, gold, and silver.

Financial experts advise investors to diversify their investments. For the average person this may mean participating in one or more mutual funds. It is also wise to stagger the maturity dates on instruments such as bonds and CD's for your own financial security and flexibility. Doing so will enable you to take advantage of more profitable investments and have money available for an emergency. Finally, consider using *dollar cost averaging* when you invest, i.e., invest a set amount at regular intervals; you will be buying fewer shares when prices are high and thus, over time, paying less.

As you approach retirement, your investment strategy is likely to become more conservative. You will probably have neither the time nor the resources to recover from losses sustained from more speculative investments.

Work in Retirement. Work in retirement is of growing importance to the financial well-being of retirees. With longer life expectancy, earlier retirements, and the higher cost of living, people are being required to take greater responsibility for their financial security in an increasingly complex financial environment.

You may look on retirement as an opportunity to launch a new business of your own or a new career. Or you may see part-time work for your current employer or someone else as the best way for you to secure your financial future while reaping the many other benefits work in retirement has to offer — new experiences, new people, a sense of structure to daily living, a sense of belonging, among others.

Now is the time to identify your interests, talents, skills, and abilities and determine how they can be put to work for you in a meaningful and rewarding way. Your skills, interests, and abilities must also be matched to the realistic employment picture in the community where you will retire.

Conducting an effective job search is itself an important skill. Fortunately, many communities offer valuable assistance to people of all ages interested in identifying their employment assets, setting realistic employment goals, assessing the job market, networking and conducting a scientific job search.

To find out what job search workshops are available in your area, check with community centers, adult education centers, community colleges, AARP chapters, and libraries. Also call AARP's Work Force Education office for information on the Association's innovative job search program for older persons called "AARP Works." The office's number is (202) 434-2100.

One of your major investments should be in yourself. Even if you don't see work in retirement as a necessity for you, prepare yourself for the possibility. Look at the area where you plan to retire from the standpoint of possible job opportunities. Maintain your mental discipline and openness to learning and meeting new people through continuing education classes and through volunteer work. Of course, before taking a job in retirement, it is wise to determine if the income will affect your pension or Social Security benefits. Then subtract your work expenses to determine the net income you can expect to receive.

Home Equity. Although the tax benefits of home ownership have been tightened recently, real estate is still one of the few places where a single person can

find a tax shelter. In addition, as a homeowner you have the option of tapping the equity in your home now and in retirement. Equity is the cash value of your property minus any claims against it. If your house is appraised at $100,000 and the balance due on the mortgage is $25,000, your equity is $75,000.

One way to use home equity is through *homeowner equity accounts* being offered by many banks and brokerage houses. This option allows the homeowner to set up a line of credit secured by a lien against the home. The homeowner can draw on this credit by using a credit card or by writing a check. The loan must be repaid over a specified time that is designated when the loan is secured.

Some older homeowners may prefer to tap the equity in their home via *home equity conversion plans.* Three such plans are reverse mortgages, sale/leaseback arrangements, and deferred payment loans. Each method provides income while permitting the person to remain in the home. These plans are only available through a limited number of banks, savings and loans, state housing finance agencies, and mortgage companies.

In evaluating home equity accounts and home equity conversion options, examine these features: availability, eligibility, terms, repayment, interest rates, fees, and title retention. Two useful overviews of these topics can be found in *Home-Made Money* (D12894) and *Borrowing Against Your Home* (D12987), available free from AARP Fulfillment, 601 E Street, N.W., Washington, DC 20049.

Be aware that any financial arrangement involving your housing could jeopardize your financial security if not understood completely and chosen wisely. Get good legal, tax, and financial advice before doing anything.

Protecting What You've Got

One important way for single persons to protect themselves and their accumulating assets is through appropriate insurance coverage. This means the right combination of health, long-term care, and disability insurance; perhaps life insurance; and liability, property, and auto coverage minus the highest deductible you can manage and still remain financially secure.

Health, Long-Term Care, and Disability Insurance. The need for health and disability insurance deserves special attention by the single person. If disability strikes, you may have to pay someone else to perform housekeeping, shopping, and personal care chores. And there would probably be no paycheck during convalescence. A combination of health, long-term care, and disability insurance coverage can provide essential protection.

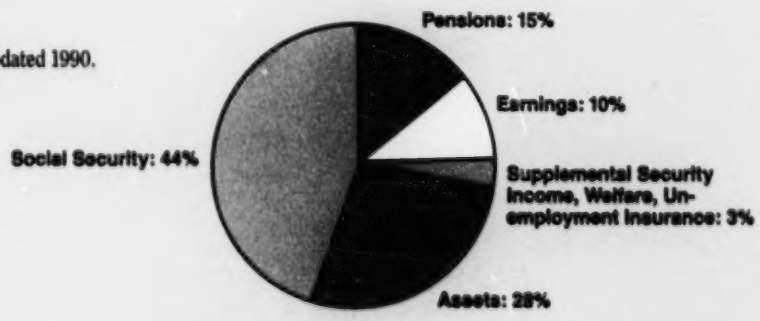
Health Insurance — Now. As a midlife single, your hospital bills and most doctor bills may be paid by your employer's group health program, your own private health insurance, or covered by a health maintenance organization (HMO) that provides health care services directly.

If you are not eligible for an employer's group health plan, you may be able to join a group plan through an organization you belong to, such as a religious center, lodge, professional association, or union. Group plans typically don't require a physical examination and the premiums are usually less than those for an individual plan. Check with a reputable insurance carrier to find out about group plans.

Remember, too, according to the Consolidated Omnibus Reconciliation Act of 1985 (COBRA), employers with twenty or more workers must let widowed and

Sources of Income for Individuals Age 65 and Older

Source: U.S. Bureau of Labor Statistics, updated 1990.



divorced spouses of group plan members continue coverage for up to three years as long as they pay the premiums themselves. You may also be able to include health insurance coverage as part of the property settlement in a divorce.

Health Insurance — Later. Once you become eligible and enroll in Medicare, your health insurance coverage will change to some extent. (You do not have to be retired to enroll in the Medicare program.) Medicare, on average, covers only about 40 percent of health care costs. The remaining costs will be borne by one or more of the following: your former employer's group plan if you can and do elect to carry it over into retirement; a private health insurance carrier, assuming that you obtain supplemental health insurance (Medigap insurance); an HMO that you enroll in which provides services to Medicare beneficiaries; you, out of your own pocket; and Medicaid assistance for those in low-income brackets who are eligible.

If you are a surviving spouse, you may be eligible to receive health benefits as part of your spouse's retirement plan. At age 65, spouses, widowed persons of covered workers, and divorced spouses of covered workers — if they were married at least ten years — are eligible for Medicare.

Check with your local Social Security office about current regulations regarding Medicare and Medicaid benefits and how to enroll in the program and apply for benefits. If you have questions about your pension rights as a divorced or widowed spouse of a worker, contact the Pension Rights Center (see Resource list).

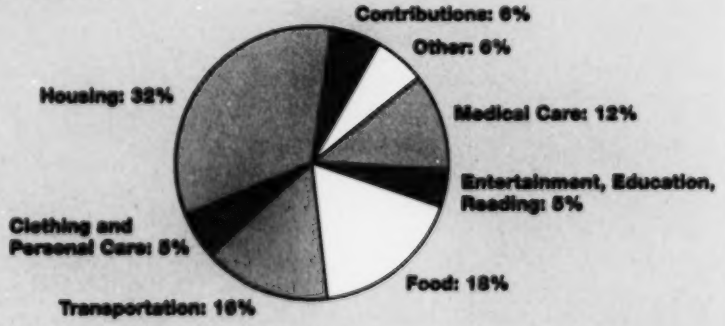
Long-term Care Insurance. Long-term care insurance is designed to provide care for a condition or illness that is expected to last for months, years, or for life. In addition to health care, it should cover the costs of help with the daily tasks of living such as eating, bathing, and dressing. Long-term care may be provided in the home, in an extended-care facility, or in a nursing home. Obviously, it's not just for the elderly, since disability can strike anyone at any time.

Few individuals and families are financially able to bear the expense of long-term care out of their own pockets without exhausting their assets. Nursing home care, for example, can easily exceed $30,000 per year. Yet nearly half of long-term care costs are currently paid directly by individuals and their families. Medicaid pays for most of the remaining costs. However, the program has had serious drawbacks; for example, it has required people to deplete their savings to become eligible, and it rarely provides for home care, thus forcing into institutions people who could be cared for at home. Investigate current regulations regarding asset and income "spend down" in order to become eligible for Medicaid coverage.

Long-term care insurance is an alternative for those who can afford it. In evaluating competing policies compare eligibility requirements, restrictions, costs, and benefits. Does the plan cover care in a skilled-nursing facility by doctors, nurses, and therapists? Does it cover custodial care in a nursing home? Does it also provide for in-home care?

Expenses for an Older (65+) Urban Household

Source: *Monthly Labor Review*, May 1993.



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Disability Insurance. While you are still working, consider the value to your security of disability insurance to replace a portion of lost wages due to illness or accident. In evaluating policies, determine how each one defines disability. Is it the inability to do your current employment or any employment? Do you have to be unable to work at all to collect or does it cover partial disability? Does it cover both accidents and illness? Also find out whether the policy is guaranteed renewable, whether there's a waiting period to collect benefits, what percentage of income is replaced, how long the payments will last, and when and by how much premiums are likely to be increased.

Life Insurance. The single person with no dependents has little need for life insurance and can reallocate those dollars. For the single person who does want to leave an inheritance or who is responsible for someone's care, life insurance can be used for these purposes. In addition, some people retain a small life insurance policy to cover funeral and burial expenses.

If you have a life insurance policy but your needs have changed, check with your insurance agent to see what kind of policy you have, and whether it has any cash value and conversion privileges. That money could be diverted into your investment program for retirement.

Estate Planning for Singles

Your estate is everything that you own and everything that is owed to you minus anything you owe. Estate planning can help you reach your financial goals while living and distribute your estate as you wish after your death.

If you are responsible for dependent children or other relatives, estate planning will help ensure they will have enough to live on once you're gone and could minimize taxes and administrative expenses on your estate.

Estate planning is a three-step process: (1) establishing specific goals; (2) developing a plan to achieve them with the aid of professional advisers such as your lawyer, accountant, banker, and insurance agent; and (3) implementing that plan. Some of the tools you as a single person may find useful in estate planning are a will, gifts and contributions, joint ownership, trusts, and life insurance.

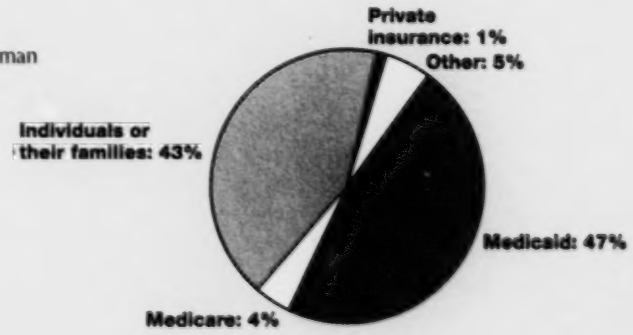
Your Will. Single persons without children are likely to choose other family members, close friends, or a favorite charity as heirs. But if you die without a will (intestate), state law generally will award your estate to your closest relatives. A will is the best way to ensure that your wealth will be distributed according to your wishes. Through a will, you can also name guardians or conservators for any dependents.

You need to decide whom to name as executor of your will. The executor is the person who will settle your estate according to your will's directions. Although you may want to select a trusted friend or relative, a lawyer or the trust department of a bank can act in this capacity. Depending on the size and complexity of the estate, a combination of these parties as co-executors may be the best choice.

Your will must be written, signed, and witnessed so as to meet all the requirements of state law. Although you can draft your own will, it's advisable to have a lawyer review your draft. One technical mistake could render the entire document invalid.

Who pays for Long-Term Care?

Source: U.S. Department of Health and Human Resources, 1993.



You will need to gather a great deal of detailed information before your will can be written. Be prepared with a complete list of assets and liabilities and information on how these assets are owned. Know to whom and how you want to distribute your estate. Do you want to leave each heir specific assets or a certain percentage of the total estate? You can also use a combination of the two distribution methods. Have with you the names, addresses, and Social Security numbers of your beneficiaries.

You should review your will periodically, but especially after any changes in federal or state tax laws. You may also need or want to change your will if you move or change your marital status, if any of your current beneficiaries change their marital status or die, or if you add new beneficiaries. Minor changes to your will can be made by adding a *codicil.*

Do *not* keep the original of your will, life insurance policies, or any other documents needed to settle your estate in your safe deposit box. Many states seal safe deposit boxes upon the death of the renter. Rather, keep these documents in a fire-proof box at home or with your attorney or a trusted friend.

Gifts and Contributions. Current federal estate tax law exempts estates valued at up to $600,000 from federal taxes. You may wish to take advantage of the gift tax exclusion in order to reduce the size of your estate subject to federal estate taxes. As a single person, you can give up to $10,000 per person per year to as many persons or organizations as you wish without having to pay federal gift taxes. Upon death, an individual's entire estate may be bequeathed to charity free of estate tax liability. Single persons having no beneficiaries can choose to reduce their estates by spending more of their money now.

Joint Ownership. Part of your estate planning as a single person should include a review of how your property is owned. Consider whether joint ownership would serve to protect the rights of others who will need access to the property, such as your bank accounts, home, and automobile, should you become incapacitated or die.

For example, joint tenancy with right of survivorship (often used in property ownership) can act like a will to avoid probate, though it will not necessarily help avoid estates taxes.

Naturally, only someone who is trusted should be brought in as a joint owner or account holder. Any single person considering this move should get legal counsel prior to taking any action. (See also the discussion of power of attorney.)

Trusts. A trust is an instrument for disposing of and managing assets, including property. Trusts may be living or testamentary, revocable or irrevocable. A *living trust* is set up and takes effect while the parties are alive. A *testamentary trust* is created by will and takes effect upon death. A *revocable trust* can be canceled by the person who established it. An *irrevocable trust* cannot be canceled.

For large estates, trusts may be an appropriate means for distributing wealth or for financing the care of incapacitated family members or underage children. For example, upon your death, your life insurance proceeds could flow into a trust fund for a handicapped child and be managed by your named trustee.

Other Legal Considerations

You may also find one or more of these legal devices useful in certain situations: a prenuptial agreement, a power of attorney, a durable power of attorney, and a living will.

Prenuptial Agreement. Marriage is a possibility any single person may need to consider. More often than not, marriage in midlife involves the merger of existing families, existing assets and debts, and entrenched spending habits. Thus, midlife singles about to wed would be wise to consider entering into a prenuptial agreement. Such an agreement can spell out precisely who owns what and can also allay the concerns of children of previous marriages.

Power of Attorney. A power of attorney can be a valuable tool for the single person, particularly in the event of extended travel or disability. If, for whatever reason, you are unable to act on your own behalf, someone you trust would be able to take care of matters important to you. These matters could be as simple as writing or endorsing checks or as complex as selling real estate.

A power of attorney can be given to anyone you choose. But you may wish to have a lawyer draw up the documents. A power can either be limited to specifically stated acts or be general in scope. Since a general power of attorney is very broad, it should be entered into only in the most compelling circumstances.

You do not relinquish your decision-making power to another person when you establish a power of attorney. You merely name a deputy with authority to act on your behalf under certain specified conditions.

Durable Power of Attorney. A power of attorney usually terminates when the person who gave the power becomes legally incompetent or dies. In some states, you can create a durable power of attorney, which will continue in force or become effective if the giver of the power becomes incompetent or some other specified circumstance arises.

As with the power of attorney, the durable power of attorney can be limited to certain specific responsibilities or can cover large general areas of decision making regarding your financial or other affairs. For example, you can use it to specify your preferences in specific medical treatment situations. Your lawyer can help you devise a durable power of attorney to meet your anticipated needs in case you become incapacitated.

A Living Will. A living will (or advance directive) is another way to specify your preferences regarding medical treatment in the event of a terminal illness or accident. Unlike a durable power of attorney, however, a living will may not be operable in many situations involving incapacity because it applies only to people who are terminally ill. It does not apply to patients who are in a coma or who are suffering from Alzheimer's disease, stroke, or degenerative diseases.

Here, too, it's best to consult your attorney. He or she can tell you whether you state recognizes living wills as legally binding and about the specifics of the living will declaration such as proper forms to use, witnesses, notarizing, and filing.

Record Keeping

A simple, yet comprehensive system for keeping track of your financial and other vital records is essential. Beyond the need in emergencies, having an up-to-date record of financial holdings will quickly show you, or someone who needs to know, where your money is and how it's doing. This personal and financial information is also essential for drawing up wills and certain other legal documents. And your record keeping system will help prevent valuable resources such as old insurance policies, bank accounts, and retirement benefits from former jobs from "falling through the cracks."

Your records should be reviewed and updated regularly. You should designate someone — a lawyer, relative, or close friend — to know where vital papers are and to be your contact person in an emergency. Workbooks with instructions and forms for setting up and maintaining a viable record keeping system are available in most bookstores. One such book is *Your Vital Papers Logbook* (see the Resource list for ordering information).

Resources

National Foundation for Consumer Credit. 8701 Georgia Avenue, Suite 601, Silver Spring, MD 20910. For the location of consumer credit counseling services nearest you, call (800) 338-2227.

Pension Benefit Guaranty Corporation, 1200 K Street, N.W., Washington, DC 20005-4026. Can tell you if your pension plan is insured and what to do if your pension plan is about to terminate.

Pension Rights Center, 918 16th Street, N.W., Suite 704, Washington, DC 20036. (202) 296-3778. Will answer questions about pensions, including pension rights at divorce.

Women's Financial Information Program, AARP, 601 E Street, N.W., Washington, DC 20049. This series of seven 2½-hour hour lecture/workshop seminars was developed to give women the skills and assurance they need to make informed decisions about their finances. This expanding program is already offered nationally.

Choice for Dying, Inc., 200 Varick Street, Room 1001, New York, NY 10014. (212) 366-5540. Will provide formats for living wills, list of states that recognize them, and information on requirements.

Your Vital Papers Logbook. For order information and AARP member discount price, and information on other AARP Books on financial and legal topics of interest to preretirees, write to: AARP Fulfillment, 601 E Street, N.W., Washington, DC 20049.

Working Options (D12403). This brochure outlines the basic steps in an effective job search and valuable resources. For a free copy, write to: AARP Fulfillment, 601 E Street, N.W., Washington, DC 20049.

Look Before You Leap: A Guide to Early Retirement Incentive Programs (D13390) and *A Guide to Understanding Your Pension Plan* (13533). For a free copy of each of these booklets write to: AARP Fulfillment, 601 E Street, N.W., Washington, DC 20049.

Before You Buy: A Guide to Long-Term Care Insurance (D12893). This booklet aids you to evaluate long-term care insurance and assesses different policies. For a free copy, write to: AARP Fulfillment, 601 E Street, N.W., Washington, DC 20049.

Medicare: What It Covers, What It Doesn't (D13133). A 12-page booklet covering Medicare benefits, including catastrophic coverage, appeals, and community resources. For a free copy, write to: AARP Fulfillment, 601 E Street, N.W., Washington, DC 20049.

VII. Reaping the Rewards

The richest rewards for creating a successful single lifestyle now and in retirement are greater self-knowledge, increased self-confidence, and freedom — freedom to be and to do as your heart calls. Your single state and your retirement years can provide you with the freedom to experiment with new roles, new activities, and new relationships. By planning now, you will know what to expect and the options and resources available to you. Active planning will enable you to go forward with confidence and to fully enjoy the best this vital phase of life has to offer.

For a more comprehensive treatment of retirement planning, AARP offers the *Think of Your Future* workbook and *How to Plan Your Successful Retirement.* For more information on these publications, write to AARP Work Force Programs Department, Work Force Education, 601 E Street, N.W., Washington, DC 20049.

AARP is the nation's leading organization for people age 50 and over. It serves their needs and interests through legislative advocacy, research, informative programs, and community services provided by a network of local chapters and experienced volunteers throughout the country. The organization also offers members a wide range of special membership benefits, including *Modern Maturity* and the monthly *Bulletin*.

AARP is educating employers, employees, and the general public about retirement and employment issues affecting older workers through the Association's Work Force Programs Department. Its mission is to foster attitudes, practices, and policies on work and retirement to meet the needs of a changing and aging work force.

For free single copies of this booklet, write for *A Single Person's Guide to Retirement Planning* (D14185):
AARP Fulfillment
601 E Street, N.W.
Washington, DC 20049

Allow 6 to 8 weeks for delivery.

American Association of Retired Persons
601 E Street, NW
Washington, DC 20049

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